

CITY OF CHENEY
Spokane County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Federal Findings

1. Accounting Controls Over Enterprise And Internal Service Funds' Assets Should Be Implemented As Documented In The City's Policies And Procedures Manual

As reported in prior audits, the following instances of noncompliance with the federal laws and regulations are considered both material and reportable conditions:

- a. Detailed subsidiary listings of the utilities' fixed assets are not maintained with sufficient information to determine the valuation basis. The annual physical inventories of the city's fixed assets are incomplete. The resulting documentation is insufficient to verify the existence, location, and condition of property owned by the city on a timely basis.
- b. The city's written policies and procedures for fixed asset record maintenance have not been uniformly implemented.

The "Common Rule," Subpart C, Section .32(d)(1) states:

Property records must be maintained that include a description of the property, serial number or other identification number, the source of the property, who holds the title, the acquisition date, and the cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Because these weaknesses exist, the city is unable to:

- a. Fix responsibility for safeguarding fixed assets.
- b. Fix responsibility for custody and proper use of fixed assets.
- c. Properly manage fixed assets.
- d. Prepare complete and accurate financial reports.
- e. Ensure federal financial assistance compliance with the "Common Rule" administrative requirements of Section 32, Equipment.

Discussions with the city's finance director indicates that the city is in the final phases of implementing an improved system of accounting for the city's fixed assets.

We again recommend:

- a. The city establish a valuation basis for the utilities' fixed assets; and
- b. The city's formal policies and procedures for fixed assets be implemented.